

WC 06-146

FCC/MELLON AUG 22 2008

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of

Hector Communications Corporation
Transferor

RECEIPT

Blue Earth Valley Communications, Inc.
Arvig Enterprises, Inc.
New Ulm Telecom, Inc.
Transferees

For Transfer of Control of Hector Communications Corporation
and Its Subsidiaries that Provide Interstate Exchange Access and
Interexchange Services in Minnesota, Wisconsin and North
Dakota Pursuant to Domestic Blanket Authorizations under
Section 214 of the Communications Act

TO: Chief, Wireline Competition Bureau

**APPLICATION FOR CONSENT TO TRANSFER OF CONTROL
OF DOMESTIC BLANKET SECTION 214 AUTHORIZATIONS**

Hector Communications Corporation¹ ("Hector" or "Transferor"; FRN: 0007502685) and Blue Earth Valley Communications, Inc. (Blue Earth"; FRN: 0002643922), Arvig Enterprises, Inc. ("Arvig"; FRN: 0008393118) and New Ulm Telecom, Inc. ("New Ulm"; FRN: 0003739430) (collectively, the "Transferees") hereby request Commission authorization for the transfer of control of Hector and the blanket domestic Section 214 authorizations held by nine Hector subsidiaries from the current public shareholders of Hector to Blue Earth, Arvig and New Ulm.

¹ Technically, the transferors in this proceeding are the approximately 400 public shareholders of Hector. However, given that no public shareholder owns more than 14.04 percent of the common stock of Hector or exercises *de jure* control over Hector, control is instead exercised by Hector's Board of Directors and its officers. Therefore, Hector has been designated as the Transferor for purposes of this application.

The following nine wholly-owned subsidiaries of Hector or of an intermediate Hector subsidiary [Alliance Telecommunications Corporation ("Alliance")²] hold blanket domestic Section 214 authorizations to provide interstate exchange access services and/or resold interstate long distance toll services: (1) Arrowhead Communications Corp. ("Arrowhead"); (2) Eagle Valley Telephone Company ("Eagle Valley"); (3) Felton Telephone Company ("Felton"); (4) Granada Telephone Company ("Granada"); (5) Hager Telecom, Inc. ("Hager"); (6) Indianhead Telephone Company ("Indianhead"); (7) Loretel Systems, Inc. ("Loretel"); (8) Pine Island Telephone Company³ ("Pine Island"); and (9) Sleepy Eye Telephone Company ("Sleepy Eye").

Hector, a Minnesota corporation, is a presently a publicly-traded corporation whose common stock is traded on the American Stock Exchange under the symbol "HCT." As of March 13, 2006, there were 408 holders of record of Hector's common stock.

The proposed transaction entails the transfer of control of Hector, and the transformation of Hector from a publicly-traded corporation into a private company owned equally by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent). The transaction will be accomplished by the merger of Hector Acquisition Corp. ("HAC"), a newly-formed Minnesota corporation owned by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent), into Hector, with Hector continuing as the surviving corporation. The pre-merger shares and rights of Hector will be cancelled and extinguished, subject to various provisions for the payment of the

² Alliance, a wholly-owned subsidiary of Hector, owns 100 percent of the stock of Felton, Loretel, Sleepy Eye, Hager, and Cannon Communications Corp. ("Cannon"), an Internet service provider ("ISP").

³ Pine Island is owned 69 percent by Hector and 31 percent by Indianhead, a wholly-owned subsidiary of Hector.

merger consideration to consenting shareholders, option holders, and dissenting shareholders. At the completion of the various merger procedures, all of the issued and outstanding common stock of Hector will be owned by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent). Control of Hector will give Blue Earth, Arvig and New Ulm control of the nine Hector subsidiaries that hold blanket domestic Section 214 authorizations.

Blue Earth, a Minnesota corporation, owns the following five incumbent local exchange carriers ("ILECs") that provide local exchange telephone services (including interstate exchange access) and resold interstate toll services in eleven rural local exchanges in southern Minnesota and north central Iowa: (1) Blue Earth Valley Telephone Company; (2) Easton Telephone Company; (3) Minnesota Lake Telephone Company; (4) Shell Rock Telephone Company; and (5) Eckles Telephone Company.

Arvig, a Minnesota corporation, owns the following six rural ILECs that provide local exchange telephone services (including interstate exchange access) and resold interstate toll services in twenty-seven rural local exchanges in central, west central and northwest Minnesota: (1) East Otter Tail Telephone Company; (2) Twin Valley-Ulen Telephone Company; (3) Callaway Telephone Company; (4) The Peoples Telephone Company of Bigfork; (5) Midwest Telephone Co.; and (6) Osakis Telephone Company. Arvig also owns: (1) Tekstar Communications, Inc. ("Tekstar"), a Minnesota corporation and competitive local exchange carrier ("CLEC") that provides competitive local exchange services and resold long distance toll services to customers in fourteen north central and northwest Minnesota exchanges in which Qwest Corporation ("Qwest") is the ILEC, and in four west central Minnesota exchanges in which Sprint Minnesota, Inc.

("Sprint") is the ILEC; and (2) WETEC, LLC ("WETEC"), a Minnesota limited liability corporation and CLEC that is authorized by the Minnesota Public Utilities Commission to provide competitive local exchange services and resold long distance toll services in six north central Minnesota exchanges in which Qwest is the ILEC.

New Ulm, a Minnesota corporation, provides local exchange telephone services (including interstate exchange access) and resold interstate toll services as an ILEC in the rural southern Minnesota communities of New Ulm, Courtland, Essig, Klossner, and Searles. New Ulm has the following two wholly-owned subsidiaries: (1) Western Telephone Company, a Minnesota corporation and ILEC that provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural southern Minnesota communities of Springfield and Sanborn; (2) Peoples Telephone Company, an Iowa corporation and ILEC that provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural northwestern Iowa community of Aurelia. New Ulm also provides competitive local exchange telephone service (including interstate exchange access) and resold interstate toll services as a CLEC in the rural southern Minnesota community of Redwood Falls where Qwest is the ILEC. New Ulm and its subsidiaries all provide service to the public under the trade name of NU-Telecom.

In accordance with the requirements of Section 63.04(a) of the Commission's Rules, the applicants submit the following information:

(1) Name, address and telephone number of each applicant:

Assignor:

Hector Communications Corporation
211 South Main Street
Hector, Minnesota 55342
Telephone: (320) 848-6611
Facsimile: (320) 848-2702

Assignees:

Blue Earth Valley Communications, Inc.
123 West 7th Street
Blue Earth, Minnesota 56013
Telephone: (507) 526-2822
Facsimile: (507) 526-4963

Arvig Enterprises, Inc.
160 Second Street SW.
Perham, MN 56573
Telephone: (218) 346-5500
Facsimile: (218) 346-8829

New Ulm Telecom, 5Inc.
27 North Minnesota (P.O. Box 697)
New Ulm, Minnesota 56073
Telephone: (507) 354-4111
Facsimile: (507) 354-1982

(2) Government, state or territory under the laws of which each corporate or partnership applicant is organized:

Hector is a corporation organized under the laws of the State of Minnesota.

Blue Earth is a corporation organized under the laws of the State of Minnesota.

Arvig is a corporation organized under the laws of the State of Minnesota.

New Ulm is a corporation organized under the laws of the State of Minnesota.

- (3) **Name, title, post office address, and telephone number of the officer or contact person to whom correspondence concerning the application is to be addressed:**

For Assignor:

Paul N. Hanson, Vice President
Hector Communications Corporation
211 South Main Street
Hector, Minnesota 55342
Telephone: (320) 848-6611
Facsimile: (320) 848-2702

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

For Assignees:

Robert L. Hammond, Jr., Chief Operating Officer
Blue Earth Valley Communications, Inc.
123 West 7th Street
Blue Earth, Minnesota 56013
Telephone: (507) 526-2822
Facsimile: (507) 526-4597

With a copy to Counsel:

Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, N.W. (Suite 300)
Washington, D.C. 20037
Telephone: (202) 659-0830
Facsimile: (202) 828-5568

- (4) Name, address, citizenship and principal business of any person or entity that directly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities:

Hector - Prior to Proposed Transaction:

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of Hector prior to the proposed transaction are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Curtis A. Sampson 211 Main Street South Hector, MN 55342	12.74%	U.S.A.	Telecommunications

Opportunity Partners, LP 60 Heritage Drive Pleasantville, NY 10570	14.04%	OH Limited Partnership	Investments
--	--------	------------------------------	-------------

The general partners of Opportunity Partners, LP are Phillip Goldstein, a United States citizen, and Andrew Dakos, a United States citizen. Messrs. Goldstein and Dakos may both be contacted at 60 Heritage Drive, Pleasantville, NY 10570.

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
QVT Financial LP 527 Madison Avenue, 8 th Floor New York, NY 10022	10.98%	DE Limited Partnership	Investments

The general partner of QVT Financial LP is QVT Financial GP LLC, a Delaware limited liability corporation that is controlled by Managing Member Daniel Gold, a United States citizen, and by Managing Member Lars Bader, a United States citizen. Messrs. Gold and Bader may both be contacted at 527 Madison Avenue, 8th Floor, New York, NY 10022.

Hector - After Proposed Transaction:

The names, addresses, citizenship and principal businesses of the entities that will own at least ten (10) percent of Hector after the proposed transaction are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Blue Earth Valley Communications, Inc. 123 West 7 th Street Blue Earth, MN 56013	33.33%	MN Corp.	Telecommunications

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Arvig Enterprises, Inc. 160 Second Street SW Perham, MN 56573	33.33%	MN Corp.	Telecommunications
New Ulm Telecom, Inc. 27 North Minnesota New Ulm, MN 56073	33.33%	MN Corp.	Telecommunications

Blue Earth Valley Communications, Inc.

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Blue Earth are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Neil and Sue Eckles 123 West 7 th Street Blue Earth, MN 56013	22.41%	U.S.A.	Telecommunications
Gail Eckles 123 West 7 th Street Blue Earth, MN 56013	24.66%	U.S.A.	Telecommunications
William V. Eckles 123 West 7 th Street Blue Earth, MN 56013	19.84%	U.S.A.	Telecommunications
Eckles Dynasty Trust #1 123 West 7 th Street Blue Earth, MN 56013	16.55%	MN Trust	Investments

The trustee of the Eckles Dynasty Trust #1 is William V. Eckles, and the beneficiaries are William V. Eckles and his issue. The trustee and beneficiaries are all United States citizens.

Eckles Dynasty Trust #2 123 West 7 th Street Blue Earth, MN 56013	16.55%	MN Trust	Investments
--	--------	-------------	-------------

The trustee of the Eckles Dynasty Trust #2 is William V. Eckles, and the beneficiaries are William V. Eckles and his issue. The trustee and beneficiaries are all United States citizens.

Arvig Enterprises, Inc.

The names, addresses, citizenship and principal businesses of the entities that own at least ten (10) percent of the equity of Arvig are:

<u>Name & Address</u>	<u>% Equity</u>	<u>Citizenship</u>	<u>Principal Business</u>
Allen Arvig 160 Second Street SW Perham, MN 56573	31.1%	U.S.A.	Telecommunications
Arvig Employee Stock Ownership Plan 160 Second Street SW Perham, MN 56573	20.2%	U.S.A.	Telecommunications
Donna Ward 160 Second Street SW Perham, MN 56573	18.6%	U.S.A.	Telecommunications

New Ulm Telecom, Inc.

New Ulm has more than 1,300 shareholders, none of which owns or controls ten (10) percent or more of the equity of New Ulm.

- (5) Certification pursuant to 47 C.F.R. §§1.2001 through 1.2003 that no party to the application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Hector, Blue Earth, Arvig and New Ulm hereby certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

- (6) Description of the transaction:

The proposed transaction entails the transfer of control of Hector, and the transformation of Hector from a publicly-traded corporation into a private company owned equally by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent). The transaction will be accomplished by the merger of Hector Acquisition Corp. ("HAC"), a newly-formed Minnesota corporation owned by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent), into Hector, with Hector continuing as the surviving corporation. The pre-merger shares and rights of Hector will be cancelled and extinguished, subject to various provisions

for the payment of the merger consideration to consenting shareholders, option holders, and dissenting shareholders. When the various merger procedures are completed, all of the issued and outstanding common stock of Hector will be owned by Blue Earth (33.33 percent), Arvig (33.33 percent) and New Ulm (33.33 percent). Control of Hector will give Blue Earth, Arvig and New Ulm control of the nine Hector subsidiaries that hold blanket domestic Section 214 authorizations.

(7) Description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area:

A color-coded map showing the Minnesota, Wisconsin and North Dakota local exchange service areas of Hector (brown), and the Minnesota local exchange service areas of Blue Earth (light blue), Arvig (orange) and New Ulm (purple) is attached. The Iowa local exchange service areas of Blue Earth and New Ulm are not shown. Hector serves areas adjacent to Blue Earth, Arvig and New Ulm in Minnesota.

Areas and Services of Hector and affiliates

Hector is a primarily a holding company which provides telecommunications services through various subsidiaries in rural portions of Minnesota, Wisconsin and North Dakota. It owns nine ILECs that provide local exchange services to 28 rural exchanges (approximately 29,400 access lines) in Minnesota, Wisconsin and North Dakota. These ILEC subsidiaries also resell long distance toll services to approximately 15,700 Minnesota, Wisconsin and North Dakota customers. The ILEC subsidiaries and other Hector subsidiaries also provide cable television service, digital television service over broadband facilities, dial-up Internet access, and high-speed Internet access over digital subscriber lines (DSL). Hector itself provides dial-up and high-speed Internet access services to residents and businesses in the communities of Hector and Buffalo Lake in south central Minnesota. Hector serves as an agent for the cellular services of Midwest Wireless Holdings LLC ("Midwest Wireless").

Arrowhead Communications Corp. ("Arrowhead"), a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the communities of Bena and Cotton in northeastern Minnesota (approximately 776 access lines). Arrowhead also provides dial-up and high-speed Internet access services, and business telephone systems to Bena and Cotton area residents and businesses.

Eagle Valley Telephone Company ("Eagle Valley"), a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the community of Clarissa in central Minnesota (approximately 692 access lines). Eagle Valley also provides dial-up and high-speed

Internet access services, and business telephone systems to Clarissa area residents and businesses.

Granada Telephone Company ("Granada"), a Minnesota corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the community of Granada in southwestern Minnesota (approximately 271 access lines). Granada also provides dial-up and high-speed Internet access services, and business telephone systems to Granada area residents and businesses.

Indianhead Telephone Company ("Indianhead"), a Wisconsin corporation, is a wholly-owned Hector subsidiary which provides local exchange services and long distance toll services in and around the communities of Exeland, Radisson and Weyerhaeuser in northwestern Wisconsin (approximately 2,337 access lines). Indianhead also provides dial-up and high-speed Internet access services to Exeland, Radisson and Weyerhaeuser area residents and businesses.

Pine Island Telephone Company ("Pine Island"), a Minnesota corporation, is owned by Hector (69.0 percent) and by Hector's wholly owned subsidiary Indianhead (31.0 percent). Pine Island provides local exchange services and long distance toll services in and around the communities of Pine Island and Oronoco in southeastern Minnesota (approximately 3,256 access lines). Pine Island also provides digital video services, dial-up and high-speed Internet access services, and business telephone systems to Pine Island and Oronoco area residents and businesses. Pine Island owns 51 percent of Pine Island Cellular Telephone Company, a Delaware corporation, which holds a minority interest in Midwest Wireless.

Alliance Telecommunications Corporation ("Alliance"), a Minnesota corporation, is a wholly-owned subsidiary of Hector that serves as an intermediate holding company which in turn owns Felton Telephone Company ("Felton"), Hager Telecom, Inc. ("Hager"), Loretel Systems, Inc. ("Loretel") and Sleepy Eye Telephone Company ("Sleepy Eye").

Felton, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Felton, Averill, Hitterdal and Borup in northwestern Minnesota (approximately 704 access lines). Felton also provides dial-up and high-speed Internet access services to Felton, Averill, Hitterdal and Borup area residents and businesses.

Hager, a Wisconsin corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Hager City and Bay City in southwestern Wisconsin (approximately 2,009 access lines). Hager also provides dial-up and high-speed Internet access services to Hager City and Bay City area residents and businesses.

Loretel, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Ada, Audubon, Cormorant, Frazee, Glyndon, Hendrum/Perley, Lake Park and Pelican Rapids in northwestern Minnesota (approximately 13,126 access lines), including a few cross-border extensions into North Dakota. Loretel provides dial-up and high-speed Internet access services to Ada, Audubon, Cormorant, Frazee, Glyndon, Hendrum/Perley, Lake Park and Pelican Rapids area residents and businesses. Loretel serves as an agent for Unicell wireless phone packages and for Keypage paging services. Finally, Loretel provides cable television services in Ada, Cormorant, Glyndon, Hendrum, Pelican Rapids, Borup, Felton, Ulen, Hitterdal, Climax, Fisher, Halstad, Shelly, Fertile, Gary, Hawley, Mahnomen, Prairie Lake, Pelican Lake and Lake Ida in northwestern Minnesota.

Sleepy Eye, a Minnesota corporation, is a wholly-owned Alliance subsidiary which provides local exchange services and long distance toll services in and around the communities of Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock and Mazeppa in south central and southeastern Minnesota (approximately 6,236 access lines). Sleepy Eye provides digital video service, dial-up and high-speed Internet access services, and business telephone systems to Sleepy Eye, Hanska, Goodhue, Bellechester, White Rock and Mazeppa area residents and businesses. Sleepy Eye also serves as an agent for Midwest Wireless cellular services. Finally, Sleepy Eye owns Hastad Engineering Company, a Minnesota corporation, which formerly provided engineering services (the business has been sold to Finley Engineering), and OU Connection, Inc., a Minnesota corporation, which has been authorized by the Minnesota Public Utilities Commission to provide competitive local exchange services but which has not commenced operations.

Mustang Communications Corporation ("Mustang"), a Minnesota corporation, is a wholly-owned subsidiary of Hector that holds an International Section 214 authorization for global resale of switched services (File No. ITC-214-20050713-00253, granted effective August 5, 2005) and that resells international call termination services throughout the Minnesota areas served by Hector's ILEC subsidiaries.

Indianhead Communications Company ("Indianhead Communications"), a Wisconsin corporation, is a wholly-owned subsidiary of Hector that holds an International Section 214 authorization for global resale of switched services (File No. ITC-97-583, granted effective November 14, 1997) and that resells international call termination services throughout the Wisconsin areas served by Hector's ILEC subsidiaries.

North American Communications Corporation ("North American"), a Minnesota corporation, is a wholly-owned subsidiary of Hector, provides cable television services in Green Isle, Bovey/Coleraine, Big Falls, Bigfork, Fountain, Wykoff, Wells/Warsaw Township, Plato, New Market Township, New Auburn, Rose Creek, Hayward, Ostrander, Racine, Dexter, Austin/Mapleview/Lansing Township,

Austin/Red Rock Township, Vernon Center, Delavan, Easton, Lewisville, Mayer/New Germany, Garden City, Cologne, Lake Washington/Kasota and Madison Lake in northern and southern Minnesota.

Cannon Communications Corporation ("Cannon"), a Minnesota corporation, is a wholly-owned subsidiary of Alliance that provides dial-up and high-speed Internet access services in Red Wing, Minnesota, and nearby portions of western Wisconsin. Cannon also serves as an agent for Midwest Wireless cellular services in Minnesota, western Wisconsin and northern Iowa.

Hector has been the owner of an 8.0 percent interest in Midwest Wireless, which provides FCC-licensed and regulated commercial mobile radio services in Minnesota (Rochester MSA and RSAs 7, 8, 9, 10 and 11), Iowa (RSAs 3, 6, 11, 12, 13, 14, 15 and 16) and Wisconsin (RSA 5). However, Hector expects that the purchase of Midwest Wireless by Alltel Corporation will have been completed before the proposed transfer of control is closed.

Loretel holds an 18.09 percent ownership interest in VAL-ED Joint Venture, LLP dba 702 Communications ("702 Communications"), a Minnesota limited liability partnership that provides competitive local exchange services, long distance toll services, Internet access and other data services in and around Morehead, Dilworth and Breckenridge, Minnesota; and Fargo, West Fargo and Wahpeton, North Dakota.

Hector and its ILEC subsidiaries hold an aggregated 7.08 percent ownership interest in Onvoy, Inc. ("Onvoy"), a Minnesota corporation, which provides telecommunications, data and video services and transport throughout Minnesota.

Granada holds a 5.0 percent ownership interest in West Central Transport Group ("WCTG"), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

Loretel and Arrowhead Communications hold an aggregated 20.00 percent ownership interest in Northern Transport Group, LLC, a Minnesota limited liability corporation that provides high-capacity special access circuits in Minnesota.

Loretel holds a 5.26 percent ownership interest in Northwest Minnesota Special Access, LLC ("NMSA"), a Minnesota limited liability corporation which provides data and video services to schools and libraries in Minnesota.

Alliance holds a 17.00 percent ownership interest in Desktop Media, Inc., a Minnesota corporation that provides competitive local exchange services in southeastern Minnesota using a network employing Ethernet architecture.

Hector's ILEC subsidiaries hold an aggregated 8.49 percent ownership interest in Independent Pinnacle Services, LLC, a Minnesota limited liability corporation that provides directory services to over 150 telephone companies in fifteen states.

Hector and Alliance hold an aggregated 16.38 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a headend located in Hutchinson, Minnesota.

Indianhead and Cannon hold an aggregated 6.45 percent ownership interest in Consolidated Management Group, Inc., a Wisconsin corporation that provides high-capacity special access circuits in Wisconsin.

Areas and Services of Blue Earth and Affiliates

Blue Earth owns 100 percent of the following five rural ILECs: (1) Blue Earth Valley Telephone Company; (2) Easton Telephone Company; (3) Minnesota Lake Telephone Company; (4) Shell Rock Telephone Company; and (5) Eckles Telephone Company. These ILECs provide local exchange telephone service (including interstate exchange access) and resold interstate toll services in and about the rural southern Minnesota communities of Blue Earth, Easton, Elmore, Guckeen, Huntley, Minnesota Lake, New Prague, Wells and Winnebago; and in and about the rural north central Iowa communities of Shell Rock and Stevens (approximately 13,500 total access lines).

Blue Earth and its ILEC subsidiaries also provide dial-up and high-speed Internet access services, computer networking services, alarm and surveillance services, business telephone systems and telephone answering services to residents and businesses in and around the eleven communities. Blue Earth serves as an agent for Midwest Wireless cellular services in Blue Earth, Wells, Minnesota Lake and New Prague, and is providing digital cable television services in New Prague and Minnesota Lake.

Blue Earth has been the owner of an 8.08 percent interest in Midwest Wireless, which provides FCC-licensed and regulated commercial mobile radio services in Minnesota (Rochester MSA and RSAs 7, 8, 9, 10 and 11), Iowa (RSAs 3, 6, 11, 12, 13, 14, 15 and 16) and Wisconsin (RSA 5). However, Blue Earth expects that the purchase of Midwest Wireless by Alltel Corporation will have been completed before the proposed transfer of control is closed.

Blue Earth and its ILEC subsidiaries hold an aggregated 4.2 percent ownership interest in Onvoy, Inc. ("Onvoy"), a Minnesota corporation, which provides telecommunications, data and video services and transport throughout Minnesota.

Blue Earth holds a 5.0 percent ownership interest in West Central Transport Group ("WCTG"), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

Blue Earth and its ILEC subsidiaries hold an aggregated 11.70 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a headend located in Hutchinson, Minnesota.

Areas and Services of Arvig and Affiliates

Arvig is primarily a holding company, and owns 100 percent of the following six rural ILECs that provide local exchange telephone services (including interstate exchange access) and resold interstate toll services in twenty-seven rural local exchanges (approximately 31,400 total access lines) in central, west central and northwest Minnesota: (1) East Otter Tail Telephone Company ("East Otter Tail"); (2) Twin Valley-Ulen Telephone Company ("Twin Valley"); (3) Callaway Telephone Company ("Callaway"); (4) The Peoples Telephone Company of Bigfork ("Peoples"); (5) Midwest Telephone Co. ("Midwest"); and (6) Osakis Telephone Company ("Osakis"). These ILECs also offer dial-up and high-speed Internet access services, business telephone systems, and cable television service plans in substantial portions of their service areas.

Arvig owns 100 percent of Tekstar Cablevision, Inc. ("Tekstar Cable"), a Minnesota corporation, which in turn owns 100 percent of Tekstar Communications, Inc. ("Tekstar"), a Minnesota corporation. Tekstar provides or is authorized to provide competitive local exchange services and resold long distance toll services to customers in fourteen central and west central Minnesota exchanges (Detroit Lakes, Battle Lake, Henning, Wadena, Staples, Hawley, Bemidji, Cass Lake, Crookston, Fergus Falls, Glenwood, Grand Rapids, Mahanomen, and Thief River Falls) in which Qwest Corporation ("Qwest") is the ILEC, and four west central Minnesota exchanges (Long Prairie, Carlos, Alexandria and Browerville) in which Sprint Minnesota, Inc. ("Sprint") is the ILEC.

Tekstar Cable provides cable television services and other non-regulated non-telecommunications services in many of the same areas served by Tekstar. The Tekstar companies also provide dial-up and high-speed Internet access services, and business telephone systems.

Arvig owns 100 percent of WETEC, LLC ("WETEC"), a Minnesota limited liability corporation, that is authorized by the Minnesota Public Utilities Commission to provide competitive local exchange services and resold long distance toll services in six north central Minnesota exchanges in which Qwest is the ILEC.

The Arvig companies serve as authorized agents for Unicell wireless services.

East Otter Tail holds a 9.53 percent ownership interest in 702 Communications, a Minnesota limited liability partnership that provides competitive local exchange services, long distance toll services, Internet access and other data services in and

around Morehead, Dilworth and Breckenridge, Minnesota; and Fargo, West Fargo and Wahpeton, North Dakota

Arvig and its ILEC subsidiaries hold an aggregated 3.90 percent ownership interest in Onvoy, Inc. ("Onvoy"), a Minnesota corporation, which provides telecommunications, data and video services and transport throughout Minnesota.

East Otter Tail holds a 5.00 percent ownership interest in West Central Transport Group ("WCTG"), which provides high-capacity special access circuits in Minnesota, North Dakota and South Dakota.

East Otter Tail, Twin Valley and Midwest hold an aggregated 15.78 percent ownership interest in Northwest Minnesota Special Access, LLC ("NMSA"), a Minnesota limited liability corporation which provides data and video services to schools and libraries in Minnesota.

Peoples holds a 10.00 percent ownership interest in Northern Transport Group, LLC, a Minnesota limited liability corporation that provides high-capacity special access circuits in Minnesota.

East Otter Tail holds a 14.28 percent ownership interest in Independent Emergency Services LLC, a Minnesota limited liability corporation that provides public service answering point ("PSAP") enhanced 911 communication services in rural Minnesota.

Midwest holds a 33.33 percent ownership interest in Central Minnesota Network Systems LLC, a Minnesota limited liability corporation that provides interactive video, fiber connectivity and leased fiber to schools in central Minnesota.

Arvig holds a 100 percent ownership interest in Midwest Information Systems Inc., a Minnesota corporation that in turn holds: (a) a 20 percent ownership interest in Central Transport Group LLC, a Minnesota limited liability corporation that provides high-capacity special access circuits in Minnesota; and (b) a 12.5 percent ownership interest in Central Transport Video Group LLC, a Minnesota limited liability corporation that provides facilities in rural Minnesota for distribution of video signals.

Areas and Services of New Ulm and Affiliates

New Ulm provides local exchange telephone service (including interstate exchange access) and resold interstate toll services as an ILEC in the rural southern Minnesota communities of New Ulm, Courtland, Essig, Klossner, and Searles. New Ulm also has two wholly-owned ILEC subsidiaries: (1) Western Telephone Company, which provides local exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural southern Minnesota communities of Springfield and Sanborn; and (2) Peoples Telephone Company, which provides local

exchange telephone services (including interstate exchange access) and resold interstate toll services in the rural northwestern Iowa community of Aurelia. New Ulm and its ILEC subsidiaries and its CLEC operation, all of which operate under the trade name NU-Telecom, serve approximately 16,300 access lines in the aggregate.

New Ulm also provides competitive local exchange telephone service (including interstate exchange access) and resold interstate toll services as a CLEC in the rural southern Minnesota community of Redwood Falls where Qwest is the ILEC.

New Ulm and its subsidiaries provide dial-up and high-speed Internet access services, computer sales and networking services, and cable television services in and around most of the eleven communities. New Ulm serves as an agent for Midwest Wireless cellular services New Ulm, Springfield and Redwood Falls.

New Ulm has been the owner of a 9.88 percent interest in Midwest Wireless, which provides FCC-licensed and regulated commercial mobile radio services in Minnesota (Rochester MSA and RSAs 7, 8, 9, 10 and 11), Iowa (RSAs 3, 6, 11, 12, 13, 14, 15 and 16) and Wisconsin (RSA 5). However, New Ulm expects that the purchase of Midwest Wireless by Alltel Corporation will have been completed before the proposed transfer of control is closed.

New Ulm holds a 0.26 percent ownership interest in Onvoy, Inc. ("Onvoy"), a Minnesota corporation, which provides telecommunications, data and video services and transport throughout Minnesota.

New Ulm holds an 8.19 percent ownership interest in Broadband Visions, LLC, a Minnesota limited liability corporation that delivers digital television signals to video program distributors from a headend located in Hutchinson, Minnesota.

New Ulm holds a 25.18 percent ownership interest in Fibercomm, LC, an Iowa limited liability corporation that provides competitive local exchange services in Sioux City, Iowa.

New Ulm is the licensee of PCS Station WPOL772, Aurelia, Iowa.

(8) Statement as to how the application fits into one or more of the presumptive streamlined categories in section 63.03 or why it is otherwise appropriate for streamlined treatment:

Blue Earth's subsidiaries, Arvig's subsidiaries and New Ulm and its subsidiaries each have local exchange service areas that are adjacent to local exchange service areas of one or more of Hector's affiliates. Because it appears that the applicants do not fit exactly within any of the presumptive streamlined categories of Section 63.03(b) of the Commission's Rules, they are not requesting streamlined treatment for this application.

Applicants note that, both before and after completion of the proposed transaction, the Hector, Blue Earth, Arvig and New Ulm organizations will have an aggregated market share in the interstate, interexchange market of substantially less than 10 percent. In addition, the Hector, Blue Earth, Arvig and New Ulm organizations have, in combination, far fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Their aggregate 90,600 access lines comprise only a very small fraction of the 3,601,735 end-user switched access lines that constituted two percent of the nation's estimated 180,086,735 end-user switched access lines as of June 30, 2004. Source: Industry Analysis and Technology Division, Trends in Telephone Service, April 2005, Table 8.1.

(9) Identification of all other Commission applications related to the same transaction:

The Applicants will file electronic applications via the International Bureau Filing System for transfer of control of the International Section 214 authorizations for global resale of switched services held by the following wholly-owned Hector subsidiaries: (1) Mustang Communications Corporation, a Minnesota corporation (File No. ITC-214-20050713-00253, granted effective August 5, 2005); and (2) Indianhead Communications Company, a Wisconsin corporation (File No. ITC-97-583, granted effective November 14, 1997).

The Applicants will also file applications for transfer of control of the following radio licenses held by Hector subsidiaries: (1) Paging and Radiotelephone Service Station KNKB454 licensed to Pine Island Telephone Company; (2) Paging and Radiotelephone Service Station KJU798 licensed to Hager Telecom, Inc.; (3) Industrial/Business Pool Conventional Station WNNB286 licensed to Hager Telecom, Inc.; and (4) Industrial/Business Pool Conventional Station WSL970 licensed to Indianhead Telephone Company.

(10) Statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure:

No party to the transaction is facing imminent business failure at this time. Therefore, the applicants are not requesting special consideration because a party to the transaction is facing imminent business failure.

(11) Identification of any separately filed waiver requests being sought in conjunction with the transaction:

No separately filed waivers or waiver requests are being sought in conjunction with the proposed transaction.

- (12) Statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets:**

The proposed transaction entails the transfer of control of Hector and its subsidiaries from its existing public shareholders to three well-established rural telephone company operators that have long served similar and nearby rural communities in Minnesota and Iowa. Hector, Blue Earth, Arvig and New Ulm all have proven records of investing in their rural networks and communities, and of providing high-quality, state-of-the-art voice, data and video services at affordable rates to their rural service areas. The proposed transaction will ensure that the rural Minnesota, Wisconsin and North Dakota customers of Hector will continue to receive high-quality, state-of-the-art voice, data and video services at affordable rates for the foreseeable future.

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Hector and its subsidiaries to Blue Earth, Arvig and New Ulm.

Hector, Blue Earth, Arvig and New Ulm reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

**HECTOR COMMUNICATIONS
CORPORATION**

**BLUE EARTH VALLEY
COMMUNICATIONS, INC.**

By Steven H. Sjogren

By _____

Printed Name STEVEN H. SJOGREN

Printed Name _____

Title PRESIDENT

Title _____

Date Aug 19, 2006

Date _____

ARVIG ENTERPRISES, INC.

NEW ULM TELECOM, INC.

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Hector and its subsidiaries to Blue Earth, Arvig and New Ulm.

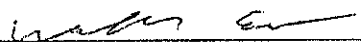
Hector, Blue Earth, Arvig and New Ulm reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

**HECTOR COMMUNICATIONS
CORPORATION**

**BLUE EARTH VALLEY
COMMUNICATIONS, INC.**

By _____

By 

Printed Name _____

Printed Name WILLIAM ECKLES

Title _____

Title CEO

Date _____

Date 8-21-06

ARVIG ENTERPRISES, INC.

NEW ULM TELECOM, INC.

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Hector and its subsidiaries to Blue Earth, Arvig and New Ulm.

Hector, Blue Earth, Arvig and New Ulm reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

**HECTOR COMMUNICATIONS
CORPORATION**

**BLUE EARTH VALLEY
COMMUNICATIONS, INC.**

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

ARVIG ENTERPRISES, INC.

NEW ULM TELECOM, INC.

By David R. Arvig

By _____

Printed Name David B. Arvig

Printed Name _____

Title Vice President

Title _____

Date 8/21/06

Date _____

Conclusion

In light of the foregoing facts and public interest considerations, the Commission is respectfully requested to authorize the transfer of control of the domestic blanket Section 214 authorizations held by Hector and its subsidiaries to Blue Earth, Arvig and New Ulm.

Hector, Blue Earth, Arvig and New Ulm reiterate that they certify, pursuant to 47 C.F.R. §§1.2001 through 1.2003, that no party to the present application is subject to denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.

Respectfully submitted,

**HECTOR COMMUNICATIONS
CORPORATION**

**BLUE EARTH VALLEY
COMMUNICATIONS, INC.**

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

ARVIG ENTERPRISES, INC.

NEW ULM TELECOM, INC.

By _____

By Nancy Blankenhagen

Printed Name _____

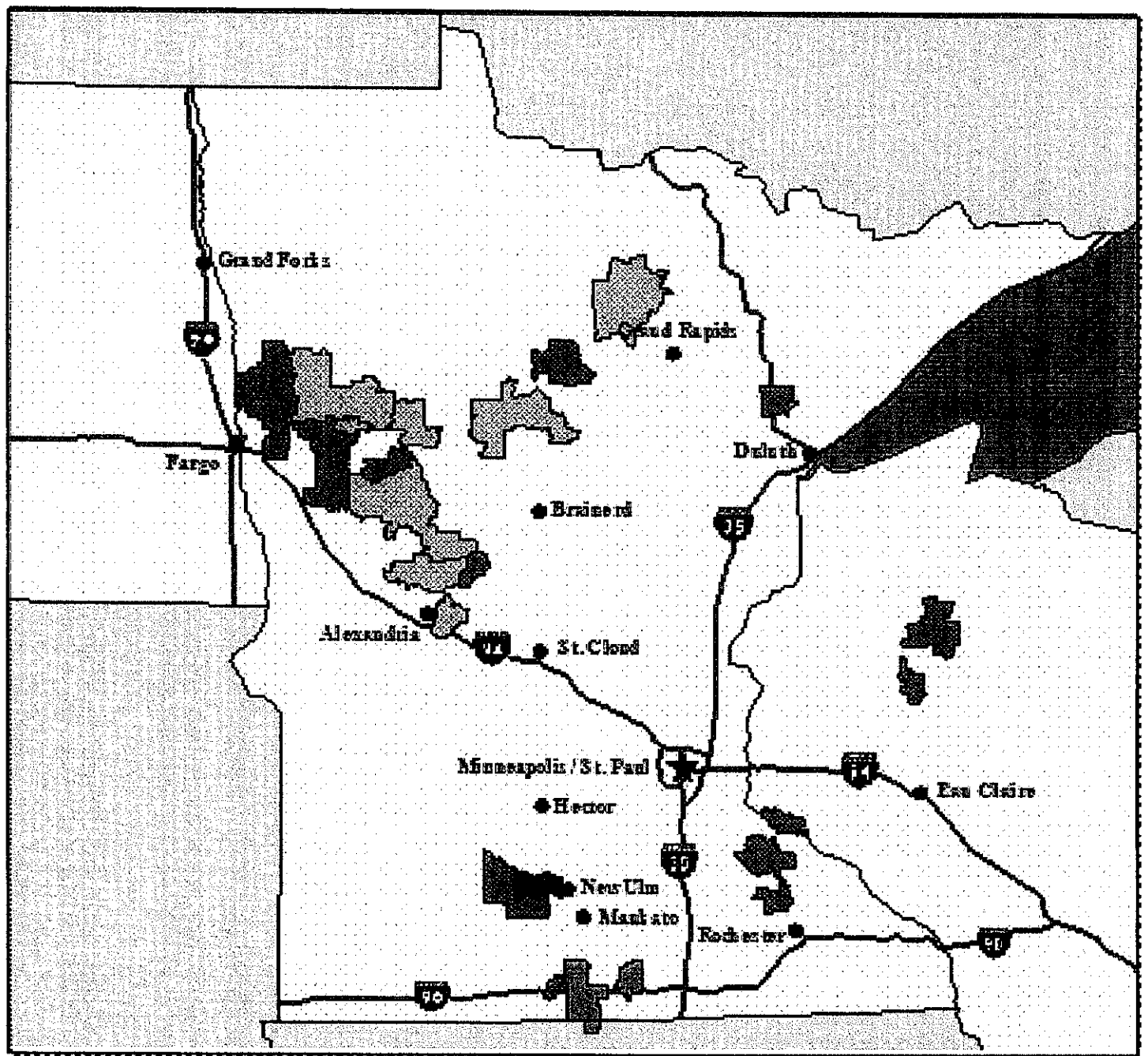
Printed Name Nancy Blankenhagen

Title _____

Title CFO

Date _____

Date 8/18/06



 **Hector Communications**

 **Blue Earth Valley Communications**

 **Arvig Enterprises, Inc.**

 **New Ulm Telecom, Inc.**

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page 1 of 1

(1) LOCK BOX # 358145		SPECIAL USER ONLY	
		FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) Blooston, Mordkofsky, Dickens, Duffy & Prendergast		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$895.00	
(4) STREET ADDRESS LINE NO. 1 2120 L Street, NW			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Washington		(7) STATE DC	(8) ZIP CODE 20037
(9) DAYTIME TELEPHONE NUMBER (include area code) (202) 659-0830		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0003714193		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Blue Earth Valley Communications, Inc.			
(14) STREET ADDRESS LINE NO. 1 123 West 7th Street			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Blue Earth		(17) STATE MN	(18) ZIP CODE 56013
(19) DAYTIME TELEPHONE NUMBER (include area code) (507) 526-2822		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0002643922		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE CUT	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$895.00	(27A) TOTAL FEE \$895.00	FCC USE ONLY	
(28A) FCC CODE 1		(29A) FCC CODE 2	
(23B) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1		(29B) FCC CODE 2	
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE _____		DATE _____	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s)/authorization herein described.			
SIGNATURE _____		DATE _____	